

MARKET BULLETIN

From	Director, Worldwide Markets
Date	1 June 2006
Reference	Y3826
Subject	Switzerland: Revision of Swiss Insurance Law Registration of brokers
Attachments	Appendix 1- Guidance notes for the application to register Appendix 2- Declaration of honour
Action points	Lloyd's brokers to register by 30 June, Managing agents, underwriters to note
Deadlines	30 June 2006

Market bulletin Y3781, dated 03.04.06 provided an overview of the key changes to the Swiss insurance supervisory law.

With effect from 1 January 2006 all Swiss insurance intermediaries are subject to registration and supervision by the Swiss Federal Office of Private Insurance ("FOPI").

Lloyd's brokers involved in Swiss direct assured business will also have to be registered. However, it is not necessary for Lloyd's brokers transacting Swiss indirect business (i.e. insurance that reaches Lloyd's underwriters via an authorised Lloyd's Swiss correspondent) to be registered.

The deadline for registration is 30 June 2006. If the registration process (which is electronic) is not completed before the deadline the broker (a) will have to discontinue transacting Swiss direct assured business until a later registration is successfully completed and (b) may not rely on his or her past professional experience (of 5 years full-time or 8 years part-time broking activity) as proof of his or her professional qualification.

The details are set out below. Please also refer to Market Bulletin Y3781 (Appendix 1, sections 1.2 and 1.3).

Who will have to register?

Lloyd's brokers involved in Swiss direct assured business (i.e with no local Swiss intermediary) have to apply for registration and meet the authorisation requirements.

Lloyd's brokers transacting Swiss business exclusively via a locally registered Swiss independent intermediary need not register.

Under duty to register are the broking firm (company) and those individual brokers of that firm who transact Swiss business in direct contact with Swiss policyholders (or the taker of insurance respectively).

Please note that the revised law provides for criminal sanctions in case a broker transacts Swiss business with a non- admitted insurer and/or the broker is not registered in Switzerland (prison [and]/or fine up to CHF 1m; or fine up to CHF 100'000 in case of [negligence]).

If the application is submitted to FOPI by 30 June 2006 brokers may continue to transact Swiss business at least until FOPI notify them of its decision concerning their application.

Registration Procedure

1. An application for registration must be made electronically via the following web link:

<http://register.vermittleraufsicht.ch/index.aspx?lng=de>

A total of 9 steps (for legal entities) or 11 steps (for individuals) have to be completed. As the guidance provided on the website is available in German, French, and Italian only we attach an English translation of FOPI's "Guidance Notes for Application to the Register of Insurance Intermediaries". (Appendix 1)

2. Before the application for an individual broker can be submitted, the application of that broker's firm or company (or at least steps 1 and 2 thereof) should be completed.
3. With regard to the 'Details on Control of Money Laundering' the question whether the broker is a financial intermediary should be answered in the negative unless the firm or individual is registered as such by the Swiss Money Laundering Control Authority or a relevant Swiss Self Regulated Organisation.
4. If the application is submitted before 30 June 2006, the Evidentiary Documents which need be sent to FOPI by post can follow on later. These documents consist of the items that are listed on page 12 of the translated Guidance Notes in Appendix 1.

Subsequently, annual registration renewal fees will also be payable. Details of these fees have yet to be published but FOPI has indicated they are likely to be in the same range as the initial registration fee.

- 5 The registration costs are CHF 200 for each broker firm and CHF 300 for each individual broker. The costs can be paid via credit card. Brokers are advised first to register with the Click2Pay system. Full details are in the guidance notes.

Further information

Further information regarding the revision of Swiss insurance laws can be obtained from:

Graham West, General Manager, Switzerland at Lloyd's Zurich office
Tel. 00 41 44 266 60 70
Email graham.west@lloyds.com

Stefan Knecht, Lloyd's General Representative for Switzerland
Tel. 0041 44 266 97 55
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This bulletin is being sent to all members' agents, direct corporate members, managing agents, recognised accountants, market associations, underwriters and Lloyd's brokers.

Julian James
Director
Worldwide Markets

TRANSLATION**Guidance Notes for Application to the Register of Insurance Intermediaries**

Please study the following document before entering yourself on the Register of Insurance Intermediaries. The Guidance Notes will help your preparation and show which data must be provided in the course of the whole registration procedure.

FOPI Registration

Registration is made electronically via a secure extranet. The insurance intermediary here provides all data for registration and pays the registration fee. With this registration, a number of evidentiary documents must be submitted to FOPI by post. You should first obtain these documents. FOPI will only then deal with the application, once all data have been submitted, the registration fee paid and the evidentiary documents received. You must allow adequate time to complete the registration procedure.

FOPI Registration

If you are already registered on the Intermediaries' Register (and have a user name and password), please enter your user name and password here.

If you have forgotten your password, enter your email address here and click on "Login Daten senden" [send login data]. Your access data will be immediately sent you via email.

New applicants click on "Neu registriern" [new registration]. Sole traders, simple companies and collective and limited partnerships must register as natural persons.

Example Legal Person

FOPI Registration

Choose the selected button “Juristische Person” [legal person] or “Natürliche Person” [natural person] and click on “Registrieren” [registration].

Natural persons choose the option “Natürliche Person” [natural person]. See further on page 8 ff.

Step 1: Log-in and Company Details

In order to accept the application for registration in the following procedure, various details concerning your company and its business relationships need to be made. The forms must be completed fully and truthfully.

Log-in and Company Details

When entering your user name, please enter at least four signs; for the password, at least six signs must be entered.

Should you require additional explanations of the registration procedure, click on the info button and an information box will open.

Click on “weiter”.

Step 2: Details of Contact Person

The contact person is needed for the event that FOPI should have follow-up questions.

Details of Contact Person

Please note that you enter a valid email address.

Click on “weiter”.

Step 3: Declaration of Legal and Economic Ties to Insurance Undertakings

Article 43, VAG [Federal Law on the Supervision over Insurance Undertakings 961.01 of 17 December 2004 (Insurance Supervisory Law)] deals with the question of the duty of entry in the Intermediaries' Register. All intermediaries, which are not tied either legally, economically or by any other means to an insurance undertaking, must enter themselves on the public Register. Other intermediaries have the right to be entered. The

Declaration of Legal and Economic Ties to Insurance Undertakings

Enter a cross if one or more statements apply to you. If no statement applies, choose “Keine Aussage trifft zu” [no statement applicable].

Click on “weiter”.

Step 4: Details of Insurance Coverages Offered

Please state on the form below which insurance coverages you offer and from which insurance undertakings these derive.

Step 4: Details of Insurance Coverages Offered

If you have ties to one or more insurance undertakings, click on “Übrige/Gebunden” [other/tied]. In a window, which opens, you can choose from the relevant insurance undertakings. Then click in the window on “Speichern” [save] and go to “weiter”.

If you are not active in a branch of insurance, select the option “Keine Aktivität” [no activity].

Click on “weiter”.

Step 5: Details of Financial Guarantee

Please state on the form below how you provide financial security. Please note: the insurance sum for all claims cases in one year must be for at least 2 Million [Swiss] Francs.

Details of Financial Guarantee

With regard to the level of self-insured retention, you must select one of the four options and complete the empty fields.

Click on “weiter”.



Step 6: Details on Control of Money Laundering

Please state on the form below whether and where you are registered as a financial intermediary.

Details on Control of Money Laundering

Should you be active not only as an insurance intermediary but as a financial intermediary, you are subject to the supervision over money laundering. In that case, state whether you are affiliated to the Kontrollstelle zur Bekämpfung der Geldwäscherei [Money Laundering Control Authority] KST or another self-regulatory organisation (SRO).

Click on “weiter”.

Step 7: Summary of the Registration Details

Following a successful examination of your application, the data on your company will be displayed on the public part of the Register as follows:

Summary of the Registration Details

The presentation on the left shows what the public extract from the Register will look like, based on the data provided.

Please note: only a small extract from the data is viewable in the public part of the Register. FOPI, however, has a larger database, which will be carefully administered in accordance with data protection directives.

After making payment successfully, each insurance intermediary receives a five-digit registration number (not viewable here). Also, upon publication of the data, the date of first registration will appear.

Click on “weiter”.

Step 8: Payment of the Administration Fee (CHF 200.-)

For the payment of the registration fee or of the recurring supervisory contribution, it is necessary for you to have a Yellowworld Click2 Pay account. If you already have such an account, insert your Click2 Pay sign in the following data fields, so that payment can be executed. Please note that, for security reasons, no payment data are stored. Should you have forgotten your Click2 Pay access data, Click2 Pay's support centre will be pleased to help. It may be reached on Tel.: (00 41) 848 650 898.

[Editorial Note:

The Yellowworld Click2Pay system is a payment systems subsidiary of PostFinance, the financial services arm of the Swiss Post Office. This vehicle enables payment to be made by, currently, Mastercard and VISA.

Brokers are advised first to register with the Click2Pay system before commencing or continuing the registration process on the FOPI website. Brokers should enter the following website (which has a choice of languages, including English) and follow the registration instructions:

<http://www.click2pay.com/>

Registration of the relevant credit card on this secure site will enable the allocation by Click2Pay of a 16-digit code, which must be used to complete the payment of the FOPI administration fee (Step 8).

Broking firms may wish to register and make just one credit card payment in respect of the registration fee for several employees (natural persons) at once. In order to facilitate this and, as an additional security measure, it is advised that the broking firm email Lloyd's Zurich office (silvia.soltermann@lloyds.com or graham.west@lloyds.com with the names and email addresses of the individual employees to be registered, so that FOPI can be advised accordingly.

Payment of the Administration Fee (CHF 200.-)

The administration fee costs, for legal persons, 200 [Swiss] Francs. Natural persons pay 300 [Swiss] Francs.

Other forms of payment (in particular the issuance of invoices) are not possible.

A supervisory contribution will in future be levied annually on the registered independent insurance intermediaries, for the first time in the calendar year following registration. The amount due is identical for both companies and for client advisors and will be set anew each year.

Click on "weiter".

The payment procedure via Click2 Pay is free and enables the insurance intermediaries to execute payment transactions securely via the Internet. Yellowworld is a subsidiary company of the Swiss Post.

Step 9: Submission of Evidentiary Documents

Following electronic registration, the following evidentiary documents must be submitted to the supervisory authority by post.

Submission of Evidentiary Documents

If you wish still to correct your data click on “<zurück” to the relevant Step and make the corrections.

If you wish to complete the registration procedure, click on “Daten bestätigen und Erfassungsprozess beenden” [confirm data and complete application process]. Your data will immediately be sent to the FOPI and you will not subsequently be able to amend them.

In order that the supervisory authority can process your application, you must submit the stated evidentiary documents in writing by post. Your application will not be processed before then.

Please submit only complete files; incomplete dossiers will immediately be returned.

All insurance intermediaries must make later amendments via the Extranet. Non-critical amendments such as a new address may be made autonomously. Critical amendments (e.g. change of financial security) will be checked by the FOPI. In certain cases, the supervisory authority will have to be furnished with new evidentiary documents.

Please now commence the registration procedure online. Many thanks for your attention.

Federal Office of Private Insurance
Intermediaries Supervision

7.4.2006

-> Registration of natural persons

Example Natural Person

Step 1: Log-in and Personal Details of the Applicant

In order to accept the application for registration in the following procedure, various details concerning your person and your business relationships need to be made. The forms must be completed fully and truthfully.

Log-in and Personal Details of the Applicant

When entering your user name, please enter at least four signs; for the password, at least six signs must be entered.

Click on “weiter”.

Step 2: Details of Employer

Should you exercise your intermediary activity as an employee, insert the name of the employer from the list below. Please note that a selection can only be made if your employer has already been entered in the Register as a legal person.

Details of Employer

Independent insurance intermediaries (sole traders) should select the button “Kein Arbeitgeber/Einzelfirma” [no employer/sole trader], as should employees of natural persons.

Insurance intermediaries with an employers can select the latter , so long as it has already been listed.

Employees of insurance undertakings should select from that list.

Click on “weiter”.

Step 3: Details of Place of Employment

The place of employment is the place at which you exercise your business activity i.e. where you receive your correspondence, produce offers and make business decisions. It must be ensured that you can be reached there by post.

Details of Place of Employment

Please note that you enter a valid email address.

Click on "weiter".

- > Declaration of Legal and Economic Ties to Insurance Undertakings;
per the Application for Legal Persons (Step 3, page 3 of the Guidance Notes)
- > Details of Insurance Coverages Offered;
per the Application for Legal Persons (Step 4, page 4 of the Guidance Notes)

Step 6: Details on Professional Qualifications

Please state on the form below how you fulfil the professional qualifications. Please note: whoever had, per 1.1.2006, at least 5 years' experience as a full-time insurance intermediary or at least 8 years' as a part-time intermediary and can prove this, is deemed professionally qualified.

Details on Professional Qualifications

Select one of the four options. In the case of "Education in accordance with equivalent qualifications", a menu is opened. If you have a corresponding educational qualification, select this.

Should you require additional explanations of the registration procedure, click on the info button and an information box will open.

Click on "weiter".

Step 7: Details of Financial Guarantee

Please state on the form below how you provide financial security. Please note: the insurance sum for all claims cases in one year must be for at least 2 Million [Swiss] Francs.

Details of Financial Guarantee

Employees whose employers are registered firms of intermediaries select the Option “Berufshaftpflichtversicherung des Arbeitgebers” [employer’s professional indemnity insurance].

Employees of natural persons select the option “Eigene Berufshaftpflichtversicherung” [own professional indemnity insurance] and then state the policy of the sole trader.

Click on “weiter”.

-> Declaration of Details on Control of Money Laundering;
per the Application for Legal Persons (Step 6, page 5 of the Guidance Notes)

Step 9: Summary of the Registration Details

Your data will be displayed on the public part of the Register as follows:

Summary of the Registration Details

The presentation on the left shows what the public extract from the Register will look like, based on the data provided.

Please note: only a small extract from the data is viewable in the public part of the Register.

After making payment successfully, each insurance intermediary receives a five-digit registration number (not viewable here). Also, upon publication of the data, the date of first registration will appear.

Click on “weiter”.

-> Declaration of Payment of the Administration Fee per Legal Persons but 300 Francs

(Step 8, page 6 of the Guidance Notes)

Step 11: Submission of Evidentiary Documents

Following electronic registration, the following evidentiary documents must be submitted to the supervisory authority by post.

Submission of Evidentiary Documents

If you wish still to correct your data click on “<zurück” to the relevant Step and make the corrections.

If you wish to complete the registration procedure, click on “Daten bestätigen und Erfassungsprozess beenden” [confirm data and complete application process]. Your data will immediately be sent to the FOPI.

In order that the supervisory authority can process your application, you must submit the stated evidentiary documents in writing by post. Your application will not be processed before then.

[Editorial Note:

The following documents must be submitted:

- ***Application for admission to the Register of Insurance Intermediaries: please print the completed form in PDF-format and sign;***
- ***Declaration of Honour: please print the form in PDF-format (in the English language translation) attached to these Guidance Notes and sign;***
- ***Valid passport or identity document (photocopy);***
- ***Certificate of professional indemnity insurance / equivalent financial guarantee (copy of the policy);***
- ***Employer’s confirmation of practical professional experience as an insurance intermediary. What is necessary is a confirmation that the***

individual broker i) is employed by the company and ii) he or she has at least five years' full-time or eight years' part-time experience as a broker. The employer may wish to obtain a reference or similar confirmation from an individual broker's past employer(s) to this effect, before making and signing this statement.

Please submit only complete files; incomplete dossiers will immediately be returned.

All insurance intermediaries must make later amendments via the Extranet. Non-critical amendments such as a new address may be made autonomously. Critical amendments (e.g. change of financial security) will be checked by the FOPI. In certain cases, the supervisory authority will have to be furnished with new evidentiary documents.

Please now commence the registration procedure online. Many thanks for your attention.

Federal Office of Private Insurance
Intermediaries Supervision

7.4.2006

gjw//26.05.06; E.&O.E.

INOFFICIAL TRANSLATION OF THE GERMAN ORIGINAL

(This translation is purely for guidance purposes. Please use the official document for signing and filing)



Applicant

.....
.....
.....

Declaration of honour

By signing this document the insurance intermediary confirms having read this document. He or she takes note of the legal provisions and of the possible sanctions in case of violations. {Signature of legal entities according to their signing rules}

Place: _____

Date: _____

Signature: _____

Duty to provide information Swiss VAG Art. 45

1° As soon as insurance intermediaries establish contact with an insured, they shall provide him or her with at least the following information:

- a. their name and address;
 - b. whether the insurance offered in a specific class comes from one or several insurance companies, and the identity of the insurance companies in question;
 - c. the nature of their contractual relationship with the insurance company/companies for which they are acting and the identity of the companies in question;
 - d. the person with liability for negligence, errors or incorrect information relating to their activities as intermediaries;
 - e. the processing of personal data, in particular the purpose, extent and recipients of these data and their retention.
- 2° The information referred to in Paragraph 1 shall be made available on a permanent medium accessible to the insured.
- 3° ...

Changes to information Swiss Decree AVO Art. 190

If the information specified in Article 45 Paragraph 1 of the Law changes, the intermediary must notify customers of changes the next time contact is made.

Infringements Swiss VAG Art. 86

- 1° A maximum administrative fine of CHF 100,000 may be imposed on anyone who:
- ...
 - e. breaches the duty to provide information pursuant to Article 45;
 - ...

Infringements Swiss Decree AVO Art. 215

Criminal liability pursuant to Article 86 of the Law:

- a. who breaches of the provisions of the Decree Article [...], 189 Paragraph 1 lit a, b, e, f and g as well as Paragraph 2, 3 and Article 190;
- ...

Offences Swiss VAG Art. 87

- 1° A prison sentence or a fine not exceeding CHF 1,000,000 may be imposed on anyone who:
- ...
 - c. is not entered in the register of insurance intermediaries although subject to compulsory

registration, or acts as an insurance intermediary after deletion from the register;

Inadmissible activities Swiss VAG Art. 41

Insurance intermediaries shall not exercise any activity for the benefit of insurance companies who are subject to this law but not authorised to exercise insurance activities.

Changes to information of relevance to the register Decree AVO Art. 189

1° Registered intermediaries are required to notify the supervisory authority in writing within 14 days if any of the following changes occur:

- a. Name change;
- b. expiry of financial surety or if guarantee falls below minimum level specified in Article 186 (CHF 2m)
- c. if intermediary changes from professional liability insurance to a financial surety of an equivalent value or vice versa.
- d. termination of intermediary activities;
- e. change from tied to non-tied intermediary activities or vice versa;
- f. change of insurer;
- g. change of broker;
- h. change of address.

2° The insurance company is required to notify the supervisory authority immediately if the professional liability insurance covering an intermediary is terminated. The same applies if the sum insured drops below the statutory minimum.

3° The same duty applies to a company providing an equivalent form of financial surety for the intermediary.

Safeguards: Principle Swiss VAG Art. 51 (see attached pdf file)

1° If an insurance company or insurance intermediary fails to comply with the provisions of this law or instructions issued by the supervisory authority or if the interests of the insured appear threatened in some other way, the supervisory authority shall take action as seems appropriate in order to protect the interests of the insured.

2° In particular, it may:

...

g. remove an insurance intermediary from the Register specified in Article 42.

This document is to be sent together with the application form and the other documents to

the Addressee:

Bundesamt für Privatversicherungen BPV
Vermittleraufsicht
Schwanengasse 2
CH-3003 Bern

LL – SK/ns
26 May 2006